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Counsel for Dennis Ryan

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:

HEALTH DIAGNOSTIC LABORATORY,
INC., et al.,

Debtors

Chapter 11

Case No. 15-32919 (KRH)

(Jointly Administered)

**DENNIS RYAN’S LIMITED OBJECTION TO MOTION OF
G. RUSSELL WARNICK TO MODIFY PROTOCOL ORDER IN REGARD TO
PAYMENT OF INSURANCE PROCEEDS**

Third-party Dennis Ryan (“Ryan”), by counsel, hereby files this Limited Objection to the Motion of G. Russell Warnick to Modify Protocol Order In Regard to Payment of Insurance Proceeds [Dkt. 1166]. In response thereto, Ryan states as follows:

1. On December 11, 2015, the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division entered an Order Granting Relief from the Automatic Stay and Establishing Procedures for Access to Proceeds of Certain Insurance Policies (the “Insurance Proceeds Order”) [Dkt. No. 715].

2. Through the Insurance Proceeds Order, the Court modified the automatic stay to authorize payments to Debtor’s former Directors and Officers for reimbursement of attorney’s fees

and expenses incurred in connection with investigating and defending against potential D&O claims. The Insurance Proceeds Order contemplated payment of attorney's fees and expenses to each Director and Officer of up to \$400,000 for fees and expenses incurred prior to any lawsuit filed by the liquidating trustee against the Directors and Officers, and payment of up to \$800,000 once the liquidating trustee institutes a lawsuit against the Directors and Officers.

3. On June 13, 2016, Dr. Warnick filed a motion to modify the Insurance Proceeds Order by authorizing payment to his counsel only of up to \$1.5 million. Dr. Warnick would, presumably, leave the existing \$400,000/\$800,000 limits in place for each of the other former Directors and Officers of HDL, including Ryan.

4. As this Court is aware, the applicable Directors and Officers insurance policy is a "wasting limits" policy, in that payment of attorney's fees and expenses to one former executive of HDL will reduce the amount of remaining coverage available to all others. For that reason, increasing payment authorization for Dr. Warnick's benefit will necessarily reduce the amount of coverage potentially available to Ryan.

5. While Ryan does not oppose an increase in payment authorization that is applicable to all former Directors and Officers of HDL uniformly, Ryan opposes an increase that is specific to Dr. Warnick only. Accordingly, Ryan requests either that the Court deny Warnick's motion or grant the same relief to all former Directors and Officers of HDL.

Dated: June 20, 2016

Respectfully submitted,

/s/ Thomas J. McKee

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CERTIFICATE OF SERVICE

I certify that on this 20th day of June, 2016, a true and correct copy of the foregoing was filed electronically with the Court through the ECF filing system with notice being automatically provided to all those entitled to receive the same.

/s/ Thomas J. McKee
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